

E – TOURISM AND TOURISM SERVICES CONSUMER PROTECTION

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Abstract

This article wishes to highlight the electronic tourism and innovation role in tourism industry with impact on economic growth especially by approach of firms. So, tourism firms which have a website well done have access to a huge tourism market, thus succeeding to present their products and services of interest to a wide range of consumers both at national and international level. Consumer behavior is strongly influenced, observing major mutations; which requires revision of regulations, particularly in consumer protection. Tourists protection is ensured primarily by tourism organization which promote e-tourism and secondly by state, with legal regulations.

The authors aim to highlight a number of issues relating to the importance electronic procurement of tourism packages, the responsibilities of owners sites, current policy on consumer protection for online travel services or products. Through a rigorous analysis of existing legislation, but also through an exploration of literature, authors have proposed highlighting the main directions to follow to improve consumer protection regulations online tour.

Keywords: e-tourism, consumer behavior, protection, website, tourism industry

JEL classification: L81, L83, O14

Introduction

At the beginning of this century and millennium, tourism and travel industry has been, worldwide, the most dynamic sector of activity and, at the same time, the most important sector generator of jobs. In economic terms, tourism is, at the same time, an important source of national economy recovery of those countries that have significant tourist resources and exploit them properly. Given that tourism resources are practically inexhaustible resources, tourism represent one of the economic sectors with real possibilities of long term development. If the sustainable development principles are respected and promoted, tourism is a way of protection, conservation and recovery of cultural, historical, folkloric and architectural potential of country.

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Corroborating tourist phenomenon with state functions in tourism department it can be told that governmental tourist organizations are distributors of accurate, updated and relevant information for potential consumers and tourism industry. On the other hand state acts as an information collector and with their help elaborate legal regulations, policies, strategies etc..

As a result, information technology is the future of the tourism industry and it's facilities allow a quickly dissemination and an efficient use of information.

The tourism information's electronic distribution has a major impact over consumer behavior. A growing number of consumers use websites to inform and purchase tourist packages or some components.

The advantage of tourism industry is the market diversification and more efficient promote of tourism products and services in other counties. Attracting new tourists in a complex process, more difficult to achieve, with a close competition between tourism industry from various country.

The owners of websites well organized with inspired trust will have much more benefits. It is very important to ensure protection those who access and purchase from websites organized in this purpose.

Consumers protection must ensured by online tourist product's producers and distributors, by providing securities and privacy, but also by the state covering the "gaps" from national legislation.

The research of existing legislation noted the absence of preventive measures, covering the protection, seen as a consumer rights protection, on one hand and protection seen as providers' obligations regarding the achievement of other rights.

So, we talk about the risk of fraud (both specific risk consumers and providers of online travel services), bankruptcy risk, the keyloggers risk, phishing risk, and spyware risk.

No remedial measures are prescribed by national legislation. Thus, through the national and European regulations and specific literature research, the expected results - finding ways to improve legislation regarding online consumer protection - were highlighted in the last part of this article.

1. E-tourism – innovative method with major impact over consumer behavior

"Who does not promote the offer of tourism services on the internet will attract in future the desired number of consumers". (Condratov, 2007)

Innovation in tourism industry ... nothing more important and necessary for Romanian tourism, much more that innovation is the competitiveness engine of tourism industry at international level. Until recently, to find innovative solutions to real problems from Romanian tourism was an underestimated practice.

In Romania this is due, maybe, and lack of concern of government, but maybe because the economic agent, interested just in maximizing profits, see the innovation investment just as an expense that can not be recovered. Unfortunately, managers forgot to turn their attention to consumer and to find those solutions that satisfy quality/price report, therefore we have

to do with tourists “migration” to international tourism areas much better promoted, in which innovations has played an important role.

Innovation of tourism products and investment in personal qualification are some key elements that would help Romanian industry to get out from impasse. It is not sufficiently. Consumers should be on first place, and so tourism organizations from many countries have set up websites, developing e-tourism – solution available to all.

Internet business revolutionized European tourism, not only by tourism industry reorganization, but also by changing relations between business partners (table no. 1).

Table no. 1: Interaction between tourism organization, consumers and government

e-business	Organizations	Consumers	Government
Organizations	Extranets between hoteliers and tour operators	e-commerce application where consumers purchase tourist production and services or air tickets.	Managers interacting with government departments.
Consumers	Consumers registering their preferences on airline or hotel loyalty/executive clubs.	Consumers informing other consumers over good or bad practice.	Consumers applying for visas, requesting maps and local destination information.
Government	Government informing hotels about food safety legislation or taxation.	Government informing consumers on regulation, visa or vaccination requirements.	Governments interacting in tourism policy matters or asking technical assistance through organizations such as World Tourism Organization.

Source: Buhalis, D., 2003. *E-tourism. Information technology for strategic tourism management*. England: Pearson Education Limited, pp. 42.

While growing, e-tourism represents nothing more the interaction between industry organization, consumers and government.

Tourism organizations have been created as a result of diversification of products and services of interest, but also due to increase of tourist traffic, some companies are practically distributors on tourist market. They facilitate contracts between tourism products consumers and tourist service or products provider. It thus appears that travel agencies organize a variety of tourism packages from tourists travel to the area chosen as a destination for sightseeing or leisure, leisure guests stay, organizing the trips, which is why the travel agent becomes the most important distributor and promoter of tourism products/services of interest.

Identify the consumer protection measures and refine their contracts, is a decision factor in selecting the package tour.

For added safety and reliability representatives of tourist organizations should personally visit the tourist areas. Knowing well enough the travel packages they sell, tourist agencies avoid discontent. If however the discontent appear (in practice, the main complaints concerned the hospitality industry), there should be a reserve package, so tourists should be satisfied without tourism activity to be affected, otherwise the tourist agency should return the value of tour packages.

An important role in relation tourism organization - consumer - government, have the government because informs both the consumers and tourism organizations on their obligations. This makes both partners to be more responsible, which is why the government bears a heavy responsibility: making rules adapted to new requirements of business, especially since currently regulations are not covering enough protection of online consumer of products and tourism services.

As can be observed in this relations is nothing to be linked with any religion or ideology, is just that for consumers have value only that good or service they wish to obtain from others to achieve their goals

Thus, the tourism industry is becoming more marked by using the Internet, both national and European level (table no. 2), because more and more customers are interested in offers of interest submitted online, giving such traditional services companies air and even a tour - operators. Thus, in Europe, from 254 million euros of total sales of tourism products / services, 65.2% of sales represent revenue on the Internet, witch represent an increase of 12% in 2009 compared to 2008 (Marcussen C., H., 2009).

The main reason is that consumers purchase tourism packages cheaper.

Table no. 2: Internet usage in Romania and Europe

Internet usage in:	Population (2009)	Internet users	Penetration (% Population)	Users growth (2000-2009)
Romania	22.215.421	7.430.000	33,4%	828,8 %
Europe	803.850.858	418.029.796	52,0%	297,8%

Source: <http://www.internetworldstats.com/stats4.htm> [Accessed 20 January 2010]

As we have seen, one of the benefits of web distribution is the direct route to the customer. Savings can be made that can be targeted to encourage customers to book electronically, making many travel suppliers very excited about this new distribution channel. However, most companies also recognize the importance of both tour operators and travel agents. For example, Novotel, chose to respond by refusing facilities for online bookings on their site, for fear of hurt partner travel agencies. Others are focused their specific sections of their website specifically for the needs of those intermediaries. For example, Almo, car rental company (Rent-a-car), had much to gain by the timely introduction of online booking facilities for tour operators on their site - move that helped to reduce administration costs by approximately \$ 1 million.

Other intermediaries actively promoting the web as a distribution channel for travel agencies. Pegasus not only allows travel agencies to make hotel reservations through the

site TravelWeb and collect regular commissions by adding the identification number of the booking agency, but they pay a "incentive" to encourage agencies to make reservations in this way.

These intermediaries affirm that agencies have different two roles (Wall, A., 1996): help suppliers to sell products and services while simultaneously serving the passengers needs. While the Web serves only the second role, intermediaries know that their biggest asset has always been the ability to compare, organize and interpret large amounts of data so as to provide the most interesting tourist experience for customers.

Web provides information, not like science. A customer can download pages and pages of travel information on the Web, but it does not compare with the first experience of encountering a travel agent witch recommend a hotel, restaurant and other facilities that best suit customer needs. In addition, officers believe that in general, customers have neither time nor incentive required to web access for information about travel.

This point of view is supported by recent research made by the U.S. - Travel Industry Association (Figure no. 1.). This shows that while usage of Internet travel services continues to grow, tourists generally prefer to rely on travel agents than online travel services for each 7 different types of transactions:

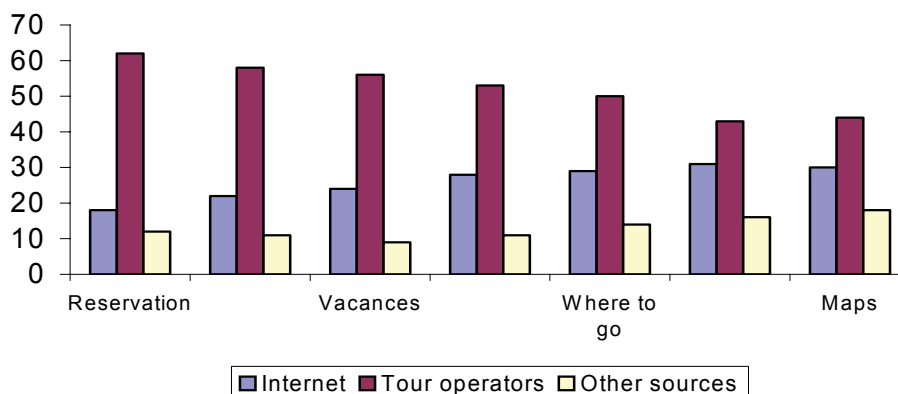


Figure no. 1: Source used by consumers for tourist information

Source: TIA, Travel Industry Association of America, 2009, *Travelers' use of the internet*, [Online] Available at <https://www.ustravel.org/research/publications> [Accessed 21 January 2010]

Also, introducing the websites in witch consumers have the option to express the discontents gives much power, causing managers to focus on their dissatisfactions.

Thus, Joachims, T., in the study „A tour guide for the World Wide Web, Proceedings of International Joint Conference on Artificial Intelligence”, has created a software, Web Watcher Program, whose purpose was the analysis of behavior, of the one who is looking a product/service through websites. The aim was to give to the potential clients the most relevant information for its requirements. Also, Yuan Yuan, in the paper „S.T. A

personalized and integrative comparison-shopping engine and its applications, Decision Support Systems, 2003", presented a system that facilitate the purchase process of products on a commercial website whose main feature was personalizing results for each visitor.

Customizing, the process of knowledge of implies the following elements:

- The agent (software) – it made the recording data about user's behavior by analyzing the links accessed and read page content. After this analyses the agent gives a „prized" to the content witch have interest for user, or a „penalty" for uninteresting aspects;
- The action – filter the list with options based on the above analyses;
- Identify the tourism products/services with interest to users.

This process is performed whenever the user accesses the commercial site, achieving a history of that customer, extremely valuable source for continual requirements on the market.

Virtual tourism organizations are new types of organizations of the future. Flexibility, independence and efficiency, resulting from business are connected, within them, with effective channels of communication, adaptation and specific confidence hierarchical forms. Currently, the application of different economic theories in the study of electronic tourism market function, it was shown that every form, ranging from the rank and until the market has advantages and disadvantages, so it can not be said that virtual tourism company is ideal organization. Virtual organizations can be considered as a new form, alternatively, the organization of the economy, supported by technical IT support and requiring new methods and techniques of analysis and management.

However, over time, they should be seen as complementary and not interchangeable with conventional organizational structures that still dominate the current economy. However, in future, the dominance of these new structures will increase, with the understanding that, currently, they are the only relevant way to lower costs while increasing the satisfaction of consumer requirements for products/services on the tourism market.

2. Web-consumers protection

No doubt that consumer protection has as starting point the consumers. However, if we analyze this problem in terms of applicability we will see two boundaries: the consumer rights protection on itself and protection on the obligations of providers in connection with carrying out duties.

Therefore, for a better protection of users, travel agencies and tour operator's sites should inform primarily on security transactions.

Consumers should be informed that are in a safe environment, they should be informed of their rights but also about responsibility for s fraudulent transaction.

When it comes to online payment fraud risk arises because neither the card nor the cardholder is present when the transaction is completed. That means there is no signature or PIN (Personal Identification Number) introduced that can validate cardholder identity.

For example, a valid card can be used without the right holder or cardholder may claim that he does not made the transaction. This leads to chargeback (non payment).

One risk assumed by online consumers is the trader himself can be fraudulent, in which case it recommends making a part cash payment and then the entire payment or verification at each step of completing the payment of the amount of data written on the site because value can be changed in the last stage without noticing the customers subscribe to it.

Tourism organization witch intermediate the achievement of travel airline ticket, for example, may take several frauds. The customer pays online ticket but intermediate agencies do not pay the ticket to real suppliers, which is why the suppliers had not issued tickets or vouchers purchased by customers. In practice it is most common fraud.

An example is the agency "Romina Travel", with numerous allegations of issuing vouchers without coverage, both from customers and from the National Association of Travel Agencies in Romania (ANAT).

Another risk online is phishing (clone a site by making such transactions) which is why attention should address site logos on web pages, checking the security features.

Keyloggers risk and spyware are less common and it is recommended using the antispyware or anti-phishing utilities, etc.

All these risks can be avoided if the consumer is addressed to travel agency staff.

There must be a clear policy regarding consumer protection in bankruptcy or keeping the contract.

Under the Tourism Ministerial Order no. 235/2001, published in M.O. no. 433/02.08.2001, all travel agencies are obliged to conclude insurance policies with insurance companies on insurance reimbursement of repatriation and/or the amounts paid by tourists, in case of insolvency or bankruptcy of the travel agency. Insurance policy ends a period of 1 year and the amount of 50,000 USD is provided for agencies and tour operator agencies and 10,000 USD provided for retailers.

The contracts between tourists and tourism agents must be noted that the tourist is insured through agency policy for insolvency or bankruptcy, as well as conditions and time in which the tourist may require payment of compensation. Also, agencies that fail to make insurance are penalized by suspending travel license.

The site must also contain information about how you can make complaints, which is the procedure and whom to contact and how they receive the respond. Consumers should be aware of ways and means to resolve the dispute if no agreement is reached between the parties.

In an attempt to solve these problems the International Council of ECommerce Consultants has developed a code of conduct that expresses the consensus on ethical issues in electronic commerce and is aimed at trying to educate both consumers and merchants.

Here are key elements that must be approved by the organizations of interest:

- Keeping confidential information (information that was acquired in transactions). It will collect, publish or transfer personal information (in particular - lists of customers or

customer's personal information such as name, e-mail, phone) to a third party without customer consent.

- Protecting intellectual property.
- Providing support, honest work.
- Do not use illegal or unlicensed software obtained.
- Conduct business only within the law.

3. Tourism products/services consumer protection regulation via the internet

The Internet is a huge mall free, in witch, easily, the seller and consumer may be harmed (Surcel et Dinu, 2007).

From consumer point of view, protection could be divided according to phases of tourism consumption: protection phase of the tourist product choice, purchase protection phase of the product protection phase and protection in consumption phase. (Figure no. 2)

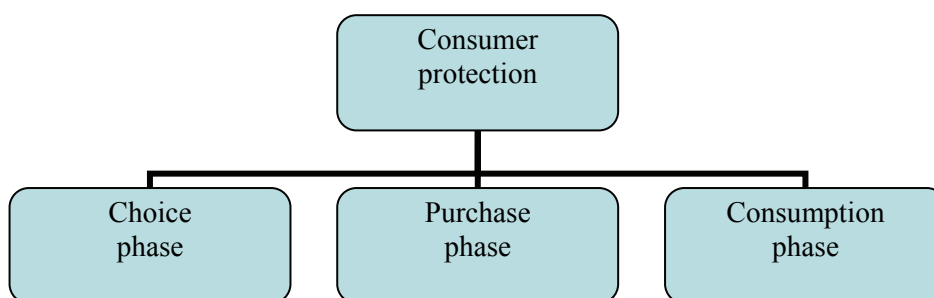


Figure no. 2: Phases of consumer protection

Source: Niță, V., 2006. Protecția consumatorilor în turism – considerații asupra reglementărilor europene și românești. *Revista de turism: studii și cercetări în turism*, (2), p. 25

In each of these phases, consumer protection should refer to the basic components of the tourist product, transportation, accommodation, food, entertainment which should be added for reasons of practical utility, information and reservation. A breakdown of the specific regulations of each phase would far exceed the limits of this communication, so that references will be made only at some point problems that arise in the implementation of effective measures of consumer protection.

Thus consumers should feel more protected with much more that online trading is regulated by EU Directive regarding travel package no. 314/1990 (DPSC). DPSC service covers pre-holiday packages that combine at least two of the following: (1) transport, (2) housing, (3) other tourism services and tours of visitations (included in one price).

The protection afforded under the Directive covers: information leaflets, the right to withdraw without paying compensation, liability for services provided (for example for

hotels inadequate standards) and bankruptcy protection for a travel agency or an airline.

Because the Internet and electronic business transformed business models and consumer behavior of tourist services, the Directive no longer meets current requirements of the tourist market.

Thus, EU Consumer Commissioner Meglena Kuneva, appreciate at the moment of 2009: "We need a high level of protection, thanks to which all consumers can book a package for safe holidays as normal, and we need fair competition for enterprises to compete on equal terms." (<http://www.eccromania.ro/noutati/consumatori-ue-intentioneaza-sa-extinda-protectia>).

Currently, many dynamic packages are not subject to EU protection for travel packages. Consequently, an increasing number of consumers who reserve packages fall outside the scope of the directive and therefore do not enjoy the same rights or levels of protection. For example, new products may allow the consumer to use different kinds of property (cruise boats, caravans or boats) or the contracts may last more than three years. Another problem is that the resale and exchange schemes timeshare rights are not covered by the existing rules.

In a study made by the European Commission on consumer of tourism products/services indicate that in 1997, 98% of passengers who flew from the UK to tourism destinations have benefited from the protection afforded by the EU directive on package travel, the while in 2005 this number decreased to less than 50%.

It is also clear that consumers, does not know the fact that the legal protection witch they enjoy depends on how purchase travel formulas, even if travel package components may be identical. 67% of consumers surveyed have used a dynamic package not included in the Directive and believed they were protected. On average, a dynamic package that does not have an evolution as it has foreseen, it represents a loss of about 600 euros to the consumer.

Over 50% of consumers believe that have protection in case of bankruptcy of an airline company when they are purchasing independent dynamic packages or formulas travel. But currently, in many cases they are not protected.

Order tourism or travel agent to give security for repayment of all monies paid by the consumer and for the return of consumer in bankruptcy risk is an important step in adapting existing laws to new conditions. Due to the economic crisis we face with increased risk of insolvency. In the context of the recent wave of bankruptcies of airlines, should be considered necessary to extend the protection of insolvency so that it should cover the separate achievement tickets (i.e. travel tickets purchased separately, not included in package) so that passengers have their refund amount paid or to be provided for return airline bankruptcy.

Government should focus on developing preventive measures, but also solutions/remedies measure.

Inclusion of measures to protect consumers by preventing the risk of fraud, as if there is risk of bankruptcy, would be extremely beneficial to encourage tourism online.

Such measures could address:

- Creating links to accommodation establishments but also achieve an online brochure tourism destination so that the consumer decide if the package is on its expectations. Thus the quality of services or products of tourist destination is promoted.
- Create a link to the Ministry of Finance so that the customer can check firm any time;
- Specify clearly the first and last name of contact person, its function, email address and telephone number;
- Online presentation of the tourism license.

National consumer protection tour is regulated by Government Ordinance no. 107/1999 which not regards electronic commerce products and services of interest.

In Romania is operating, among others, European Consumer Center Romania, where Romanian consumer rights are protected at European level but also the National Authority for Consumer Protection.

Conclusion

The Internet has the potential to have a major effect on how the hospitality and tourism products are distributed, redefining the way in which tourists discover and buy tourist products. It has the potential to overcome many problems associated with traditional electronic distribution, targeting the consumer directly, leading to much lower costs and enabling the distribution of cheap products. The absence of requirements in terms of structure gives the flexibility to distribute products heterogeneous, while simplicity and general acceptance of the user interface standardization introduces consistency in how information is accessed - necessary prerequisite in tourism.

Its potential was recognized by the tourism sector. It is predicted that the Internet will be the key to future management of the tourism sector. Only those operations that will exploit technology to identify properly customer needs and offer products as such will survive.

Unfortunately, in Romania, the degree of endowment with personal computers and the Internet is among the lowest in Europe.

Consumers tourism products online remains a sensitive issue even if the European Union is continuing its efforts to bring the new European legislation to requirements of the market.

However the biggest responsibility in ensuring a satisfactory trade of tourist goods and services rests creators and owners of websites that promote the electronic tourism because the understanding the message and create an atmosphere of trust depends on them.

Strengthening the administrative capacity of tourism consumer and organizations increased efforts to combat fraud, improve cooperation between police, national consumer protection authority and the judiciary, strengthen institutional capacity and enforcement of specific legislation, increased training staff of the institutions involved are some of the ways forward for an efficient conduct of activities in online travel.

Better promotion of consumer rights and obligations tour can be done through organizations created for this purpose. These organizations inform and educate customers regarding their protection.

Also tourism companies should be interested in offering services designed to reduce risks arising from online commerce as tourism products, as reflected in the first part of the article, e-tourism is a real business opportunity.

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